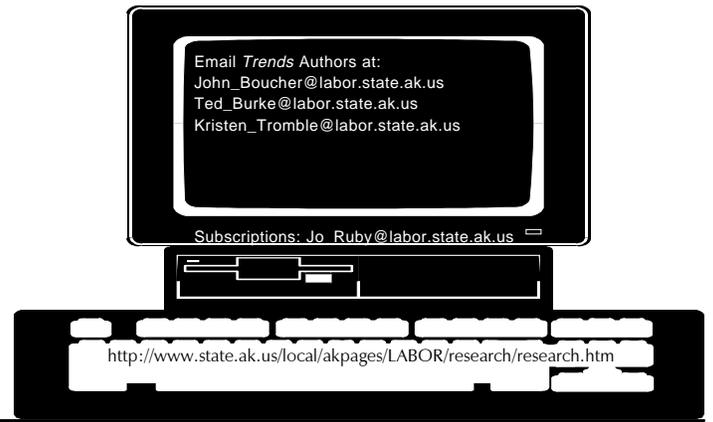


ALASKA ECONOMIC TRENDS



Alaska Economic Trends is a monthly publication dealing with a variety of economic-related issues in the state.

Alaska Economic Trends is funded by the Employment Security Division and published by the Alaska Department of Labor, P.O. Box 21149, Juneau, Alaska 99802-1149. For more information, call the DOL Publications Office at (907) 465-6019 or email the authors.

Material in this publication is public information and, with appropriate credit, may be reproduced without permission.

Editor's Note: The views presented in guest articles in *Alaska Economic Trends* do not necessarily reflect the views of the Alaska Department of Labor.

Tony Knowles, Governor
State of Alaska

Tom Cashen, Commissioner
Department of Labor

Diana Kelm, Editor

January 1998
Volume 18
Number 1
ISSN 0160-3345

**Alaska
Department
of Labor**



- 2 Sitka: Coping with Structural Change
- 7 Case Study of a Layoff—
Work Life After Sitka's Pulp Mill Closure

- 17 Alaska Employment Scene:
Recovering Oil

Employment Scene Tables:

- 19 Nonagricultural Wage and Salary
Employment—Alaska and Anchorage
- 19 Hours and Earnings for
Selected Industries
- 20 Nonagricultural Wage and Salary
Employment in Other Economic Regions
- 21 Unemployment Rates by Region and Census Area

Printed and distributed by
ASSETS*, a vocational training
center and employment
program.

Cover design by Jim Fowler

This publication, funded by the
Department of Labor's Employment
Security Division, was produced at
a cost of \$.82 per copy.

Sitka: Coping with Structural Change

By John Boucher

Sitka, located on the west side of Baranof Island on the outside waters of the Southeast Alaska panhandle, is a community steeped in history. A former Russian and U.S. territorial capital, and a center of Tlingit culture, Sitka has a rich heritage and a relatively strong and diverse economy. Fishing, health care, education, tourism and government all play important roles in the local economy. Until recently, the timber industry was also a major portion of Sitka's economy, but the closure of the Alaska Pulp Corporation (APC) pulp mill significantly reduced the timber industry's presence. Today, Sitka's economy is striving to overcome the adverse effects of the pulp mill closure.

The September 1993 pulp mill closure dealt a significant blow to Sitka's economy. At the time, the pulp mill was the city's largest employer, accounting for over 10 percent of the jobs and 17 percent of all wage and salary earnings in the borough. When the pulp mill shut its doors, nearly 400 people lost high paying year-round employment. Since then, the community has struggled to adjust to the reduced level of economic activity. In the process, the local economy has become more reliant on Sitka's other economic strengths. (See Table 1.) The road after the closure has been bumpy, as total employment, average wages, population and other economic indicators have either receded or slowed. (For a look at the effect the layoff had on former APC workers, see 'Case Study of a Layoff—Work Life After Sitka's Pulp Mill Closure' on page six in this issue of *Trends*.)

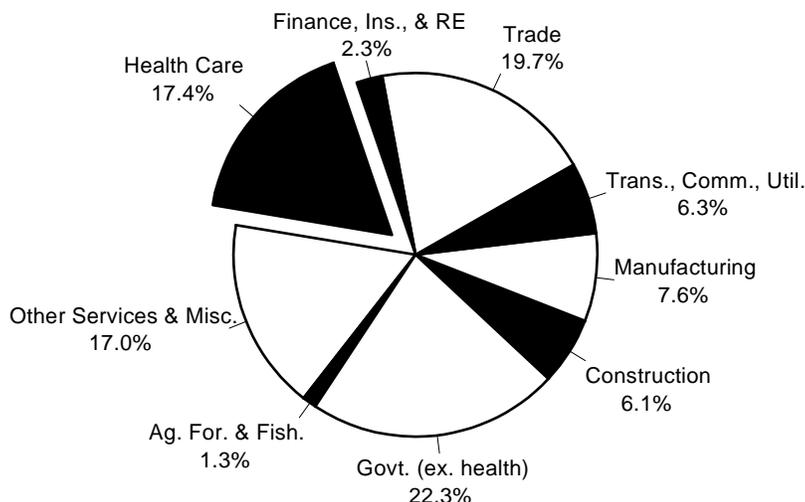
A regional health care and education center

One of Sitka's economic pillars, the health care industry has provided the most cushion for the impact of lost pulp mill jobs and wages. This community of 8,800 boasts more than 675 jobs in the health care sector with an annual payroll of over \$21 million. That represents 17% of the jobs and 20% of the wages in the local economy. (See Figure 1.) Two regional health care facilities augment the medical services supported by the local population. The larger of these is the Southeast Alaska Regional Health Corporation's (SEARHC) hospital and community health services facility. In addition to SEARHC, the state operates Alaska's original Pioneer's Home, with over 100 employees. Sitka Community Hospital, owned by the City and Borough, rounds out the list of the three largest health care facilities that make up the majority of Sitka's health care employment. (See Table 2.) An

John Boucher is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. John is located in Juneau.

Figure • 1

Sitka is a Health Care Center 1996 Annual Employment by Industry



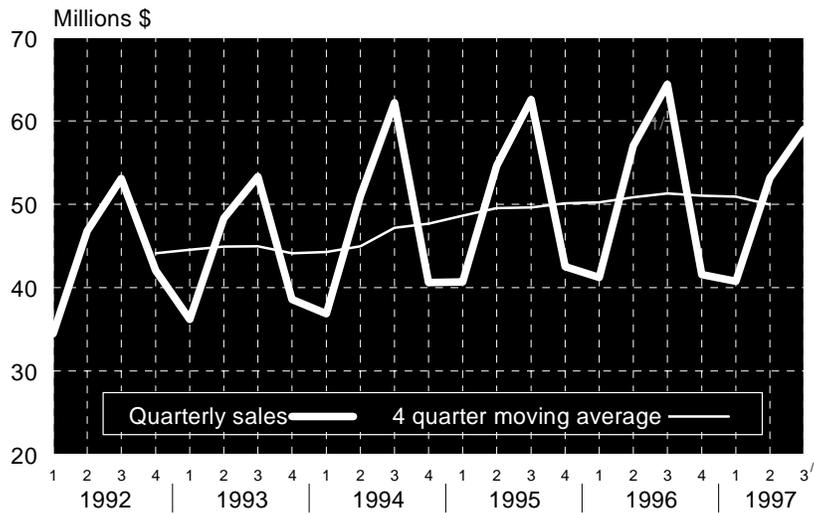
Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Sitka Sales Slowing Reported Gross Sales by Quarter—1992-1997

¹Third quarter 1997 data are preliminary.

Source: City and Borough of Sitka, Finance Department.



aggressive expansion at SEARHC during the last four years was fortuitously timed for Sitka's economy—offsetting part of the jobs lost at the pulp mill.

While less prominent than the health care sector in terms of employment and payroll, regional education facilities also add to Sitka's economic base. Sheldon Jackson College, Mt. Edgecumbe High School, which serves children from all over Alaska, and the Alaska State Troopers Training Center all serve to broaden Sitka's economic base by providing educational services to a state-wide constituency.

Tourism industry suffers from itinerary change

Up until 1997, Sitka's visitor industry had helped buffer the local economy from the effects of lost pulp mill employment and wages. The number of cruise ship visitors to Sitka had shown steady

Table • 1

Sitka Borough Employment by Industry, 1980-1996

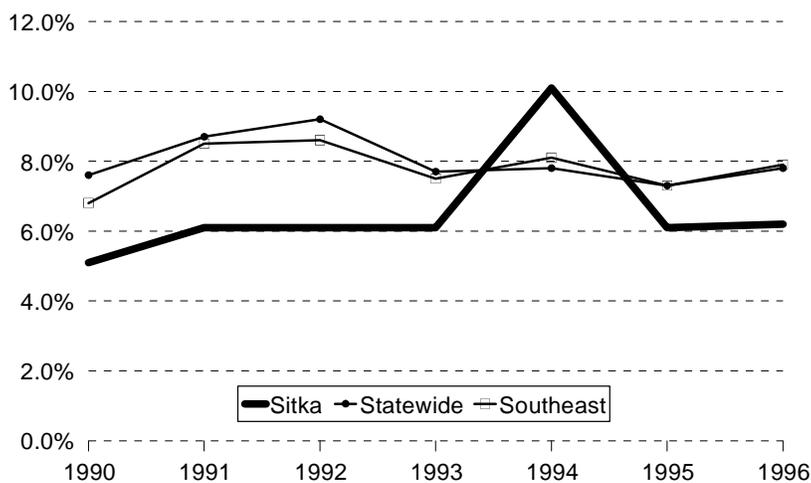
*Indicates nondisclosable

Source: Alaska Department of Labor, Research and Analysis Section.

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total Industries	3,743	3,739	3,434	3,347	3,270	3,318	3,422	3,302	3,681	3,957	4,124
Mining	0	*	*	*	*	*	*	*	*	*	*
Construction	244	310	275	221	203	183	171	151	147	222	236
Manufacturing	*	*	*	*	*	505	570	632	701	754	749
Trans., Comm., & Util.	257	273	280	271	273	323	398	295	264	282	296
Trade	442	467	480	487	498	502	555	569	485	643	691
Wholesale Trade	34	37	36	29	34	37	36	34	52	63	76
Retail Trade	408	431	444	458	465	465	519	535	433	580	616
Finance, Ins., R.E.	*	*	69	71	67	66	73	74	71	85	77
Services & Misc.	479	493	512	593	612	664	595	610	906	938	997
Agric., Forest., & Fish.	*	*	*	*	*	*	*	29	39	63	46
Government	1,170	1,174	1,117	1,091	1,037	1,043	1,023	936	929	982	1,032
Federal	601	576	514	463	362	353	309	284	255	260	259
State	204	222	231	240	254	250	279	254	265	281	304
Local	366	376	373	388	420	440	435	399	409	441	469
Nonclassified	*	*	*	*	*	*	*	*	*	*	*

growth through 1996, when 238,000 passengers visited Sitka. During the 1997 season, Holland America bypassed Sitka on several cruise ship itineraries, and the result was a drop of nearly 70,000 cruise ship visitors, or a 30 percent cut-back in the total number of cruise ship passengers. Some estimates place the lost spending in Sitka due to this passenger reduction at about \$3.5 million. (See Figure 2.) Next season, a further drop in the number of cruise ship passengers is expected as one of the larger cruise ships is replaced by a smaller capacity ship.

Sitka Unemployment Tends to be Lower
Annual average unemployment rate 1990-1996



Alaska
Department of
Labor, Research
and Analysis
Section.

Federal government a critical employer

Federal government jobs have long been a staple of the Sitka economy, and they will continue to play an important role in the future. The largest

federal civilian agency is the U.S. Forest Service. The Chatham District headquarters is located in Sitka, with most of the district's personnel based there. One result of changes in management policy on the Tongass National Forest has been a smaller presence for the Forest Service in Sitka. A combination of slimmer budgets and the implementation of the new Tongass Land Management Plan (TLMP) has resulted in staff cuts in the Chatham District. While all of the reductions have yet to take effect, a good portion of the downsizing has occurred. During 1998, some additional reductions at the Sitka office, perhaps the loss of 10 more staff members, are expected. The future outlook for the Forest Service should be relatively stable once the staff reductions related to the downsizing of the timber harvesting program are completed.

Although not counted in the total wage and salary employment in Table 1, the U.S. Coast Guard station has a significant presence in Sitka. With nearly 200 uniformed military personnel, the Sitka Coast Guard contingent includes an air station, a

1991	1992	1993	1994	1995	1996
3,956	3,980	4,074	3,778	3,842	3,888
*	*	*	*	0	0
205	204	222	236	226	239
736	714	628	304	329	297
321	296	292	276	261	246
701	759	788	771	793	765
81	86	70	65	62	36
621	673	718	706	731	729
71	66	74	77	79	89
806	846	927	1,005	1,032	1,123
57	39	47	46	44	50
1,041	1,053	1,086	1,064	1,078	1,080
262	267	265	272	265	250
300	308	323	318	319	325
480	479	497	474	494	504
*	*	*	*	0	0

Figure • 4

Sitka's Average Wage Has Fallen Since 1993

Average monthly wage for Sitka Borough 1985-1996

Alaska
Department of
Labor, Research
and Analysis
Section.

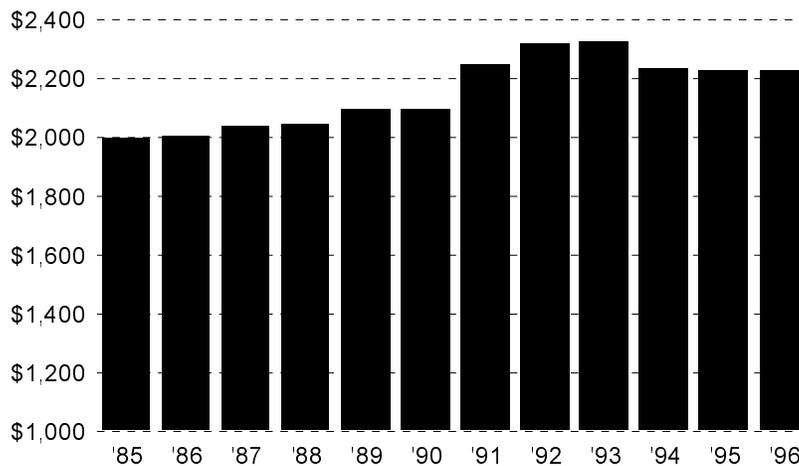


Table • 2

Three Health Care Providers in Sitka's 10 Largest Employers

Largest civilian employers in Sitka Borough

1/ Includes student employees and adjunct faculty.

Source: Alaska Department of Labor, Research and Analysis Section.

Rank	Employer	1996 ann. avg. employment
1	Southeast Alaska Regional Health Corp. (SEARHC)	338
2	Sitka Borough School District	207
3	City and Borough of Sitka	160
4	U.S. Forest Service	158
5	Sitka Sound Seafoods Inc.	126
6	Sitka Community Hospital	111
7	State of Alaska- Pioneer's Home	103
8	Hames Corporation	94
9	Center for Community	80
10	Sheldon Jackson College	76
11	University of Alaska ¹	70
12	Westmark Hotels Inc.	63
13	Seafood Producers Coop.	60
14	McGraw's Custom Construction	59
15	Samson Tug & Barge Co. Inc	52
16	Sitka Tribe of Alaska	52
17	State of Alaska- Department of Education (Mt. Edgecumbe)	46
18	Lakeside Grocery Inc.	46
19	Allen Marine Inc.	37
20	Alaska Airlines Inc.	37
21	McDonald's of Sitka	37

marine safety detachment, a navigational aid team, and the buoy tender *USS Woodrush*. (Due to the definition of civilian nonagricultural wage and salary employment, only civilian Coast Guard personnel, which number about five at the Sitka station, are counted in the wage and salary employment figures in Table 1.) After the Forest Service and the Coast Guard, the National Park Service and the U.S. Postal Service are the largest federal agencies in Sitka.

Fishing, fish processing a Sitka staple

Because of its proximity to the rich fishing grounds of Southeast Alaska's outside waters, Sitka has a long history as a fishing port and processing center. More than 460 permit holders live in Sitka, and their 1995 estimated gross earnings were over \$27 million. (See Table 3.) The sablefish, halibut and salmon fisheries provide most of the income for local fishers, but Sitka fishers held permits in over 40 different fisheries ranging from traditional categories such as shrimp, crab and herring to dive fisheries like abalone and sea cucumber. Like many other fishing communities in Alaska, earnings for the salmon fisheries have suffered in recent years due to continued low prices. In addition to its fishing fleet, Sitka has a sizable seafood processing sector, with over a \$5.6 million payroll and an annual average employment of over 200. Employment in this industry is very seasonal, with 1996 employment figures ranging from a low of 115

in the winter months to a peak of 335 in the summer.

Fisheries Provide Nearly \$30 Million in Earnings

Unemployment traditionally low, but average wage has fallen

Sitka's relatively diverse economy has meant that unemployment rates have consistently fallen below both the statewide and the regional average. After the pulp mill closure, there was a significant spike in the local unemployment rate, which temporarily reversed the trend of lower rates in Sitka in 1994, but by 1995, Sitka's unemployment rate returned to its traditional position. (See Figure 3.) While the level of unemployment has

returned to pre-pulp mill closure levels, the wages lost following the pulp mill closure have been more difficult to recover. Sitka's average monthly wage peaked in 1993 at \$2,325, but by 1996 that number had fallen for the third consecutive year to \$2,232. (See Figure 4.)

Summary: Diversity helps Sitka cope with economic shift

While the 1993 closure of the Sitka pulp mill was a significant blow, Sitka's diverse economy was relatively well positioned to survive the ill effects of the closure. A vibrant health care industry, a significant federal government presence, regional education facilities, the tourism industry and a substantial fisheries industry have all helped to

	Number of People	Number of Permits Fished	Pounds	Estimated Gross Earnings
1995	461	939	26,540,725	\$27,172,247
1994	465	1,004	33,798,664	31,152,047
1993	488	986	28,397,883	21,937,032
1992	520	1,039	21,624,899	19,543,256
1991	523	1,062	24,029,279	21,529,751
1990	519	1,019	22,961,704	22,842,159
1989	490	944	28,591,558	22,792,102
1988	473	943	23,728,973	26,121,458
1987	450	873	20,205,828	19,147,640
1986	433	811	19,647,087	15,956,607
1985	422	746	23,382,855	13,887,902
1984	405	651	13,200,755	9,667,343
1983	397	622	10,928,335	7,289,934

1995 was latest data available.

Source:
Commercial Fisheries Entry Commission.

prevent the local economy from slipping into a downward spiral. As could be expected, economic indicators such as population, retail sales, total payroll, average monthly wage and total employment have slipped below the levels seen prior to the pulp mill's closure.

Sitka's economy still has some future obstacles to overcome, such as the loss of additional Forest Service employment and an expected drop in the number of cruise ship passengers. However, the worst of the downturn in Sitka's economy appears to be behind the community, and its abundant resources and diverse economy position it well for future economic growth.

Case Study of a Layoff—Work Life After Sitka's Pulp Mill Closure

by Kristen Tromble

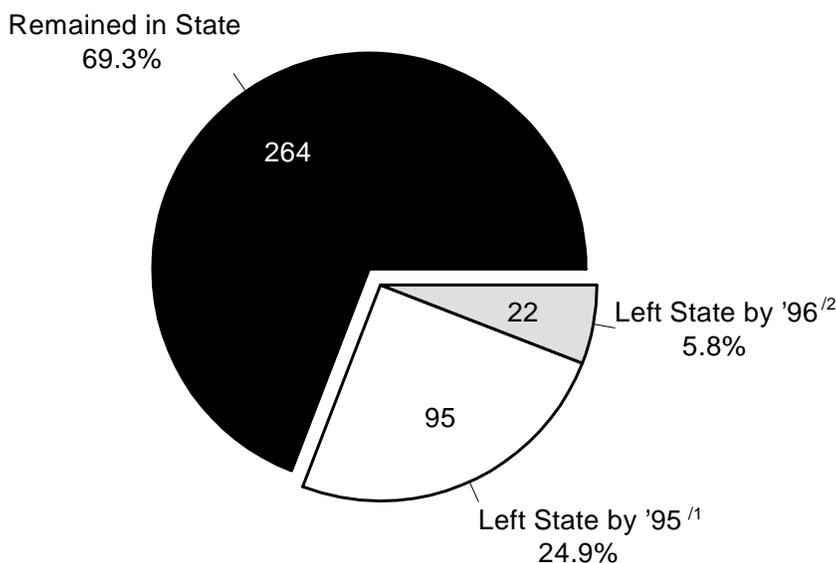
Figure • 1

Over 2/3 of 381 Laid-off Workers Remained in Alaska

1/ Received neither a PFD nor Alaska wages in '95 and '96.

2/ Received neither a PFD nor Alaska wages in '96.

Source: Alaska Department of Labor, Research and Analysis Section.



At the end of September 1993, Alaska Pulp Corporation (APC) closed its pulp mill in Sitka. According to wage records, in its last quarter of operation, the company employed 381 workers in Sitka. This article explores the post-layoff work experience of these employees.

(See Sidebar, 'Study Methodology,' page 12.)

Most workers stayed in Alaska

Anecdotal information at the time of layoff indicated that many of the workers were not long-time Sitka or Alaska residents, so it was somewhat surprising to find that most of them remained in Alaska. Three years after the layoff, over two-thirds of the workers still lived or worked in the state. (See Figure 1.) One hundred seventeen workers appeared to have left the state, as they received neither a Permanent Fund Dividend (PFD) nor wages from an Alaska employer in 1996.

Figure • 2

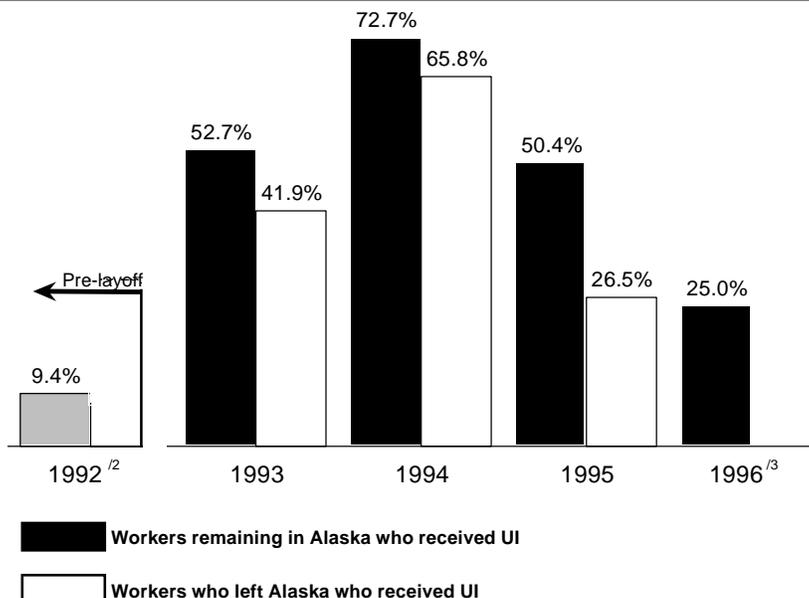
Workers¹ Staying in Alaska More Likely to Receive UI

1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.



UI assisted many

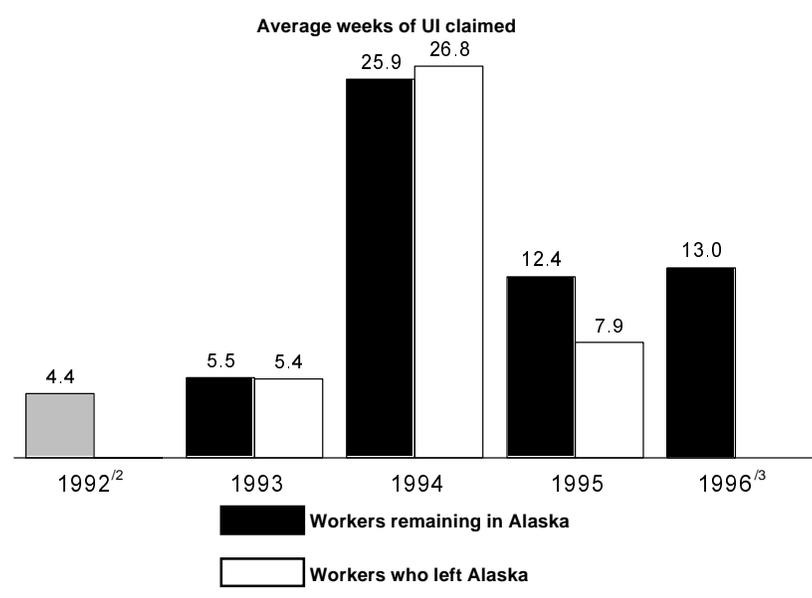
Unemployment insurance (UI) benefits helped workers through the transition from layoff to re-employment. Compared to the average UI claimant, workers laid off from APC's pulp mill received greater benefits over a longer period of time. The mill's higher than average wage and

large proportion of full-time year-round workers help explain the higher benefits.

Workers who stayed in the state were more likely to receive unemployment insurance from Alaska's UI system. (See Figure 2.) However, in 1994, the first full year after layoff, those who stayed, on average, claimed fewer weeks and received lower benefits than those who left. (See Figures 3 and 4.)

One-quarter of the workers who stayed in Alaska received UI benefits in 1996, the first of several indications that for many of these workers finding long-term stable employment was a challenge. Since workers could have drawn benefits based on APC wages for, at most, two years after the layoff, benefits received in 1996 were almost certainly based on wages from post-layoff employment. Therefore, many of those who found jobs after the APC layoff soon faced unemployment again.

Claims Remained Above Pre-layoff Level¹



1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

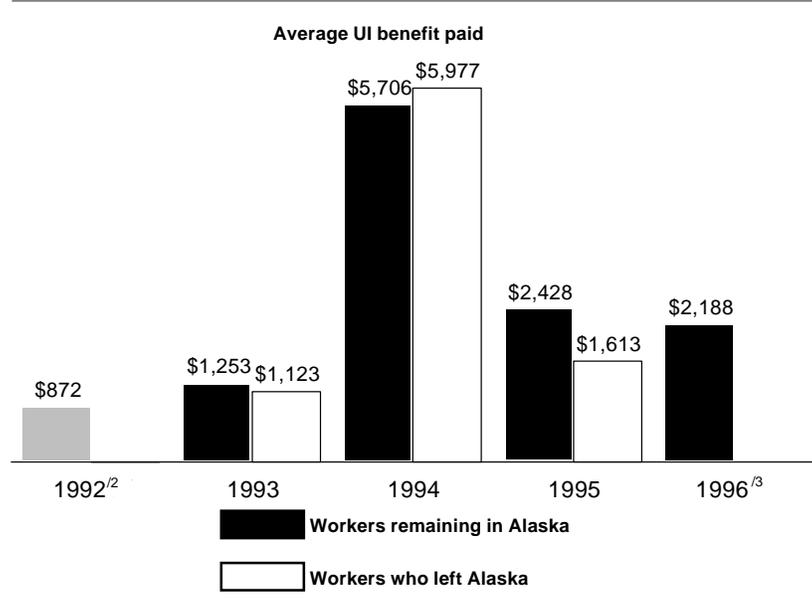
3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.

Stable employment hard to find

Workers who stayed in Alaska were more likely to find new jobs as time from the layoff increased. Employment, following Alaska's normal seasonal trend, tended to peak in the second and third calendar quarters and fall in the first and fourth. But three years after the layoff, almost one-third did not have wage and salary employment. (See Figure 5.) However, these workers were not necessarily considered unemployed. Staff at Sitka's Em-

UI Payments Were Above Pre-layoff Level¹



1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

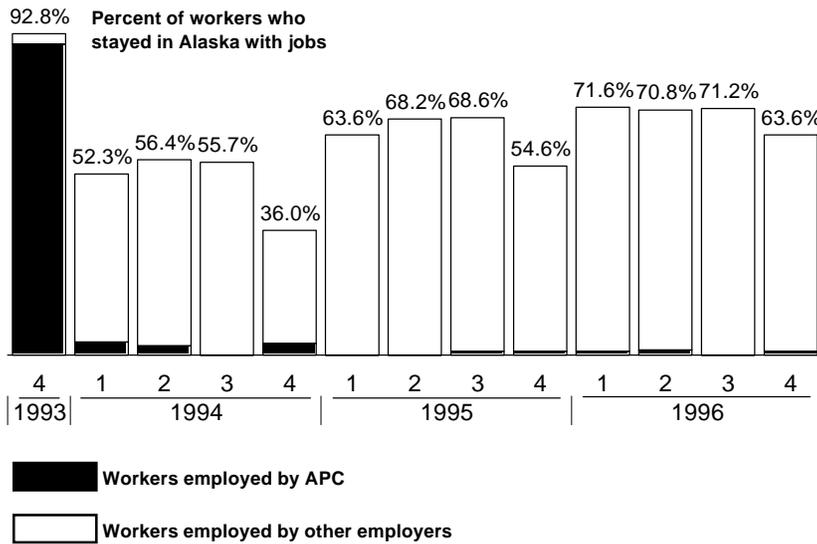
3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 5

Most Who Stayed Found New Jobs

Source: Alaska Department of Labor, Research and Analysis Section.



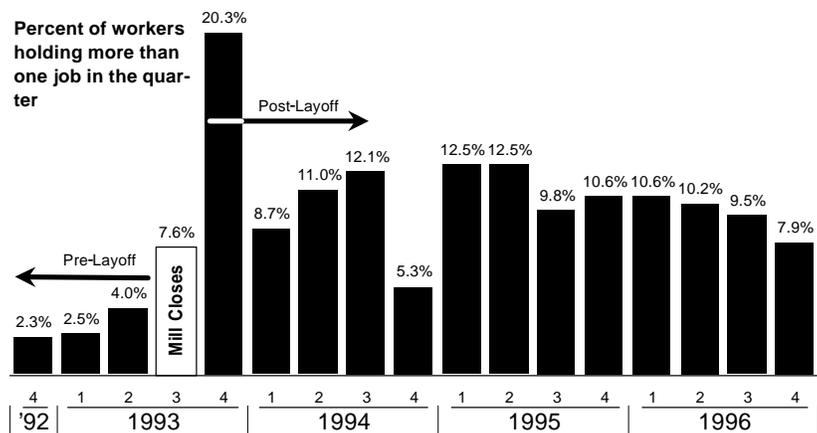
ployment Service office provided additional outcome data that are not reflected in the department's wage record analysis. Of the 267 workers for whom detailed data were available, staff reported that 30 entered school, 20 retired, and 17 became self employed.

Workers were more likely to hold multiple jobs after the layoff than before. (See Figure 6.) For this report, multiple job holders are defined as workers with more than one employer in a quarter. Jobs may have been held concurrently or serially. This finding may indicate workers took lower paying jobs and had to work more of them to boost wages or that, not finding full-time permanent employment, they worked more short-term temporary jobs.

Figure • 6

Multiple Job Holding Increased

Post-layoff includes only workers who stayed in Alaska. % base includes workers not employed. Post layoff employer count includes APC. Many workers still received wages from APC in the 4th quarter of 1993.



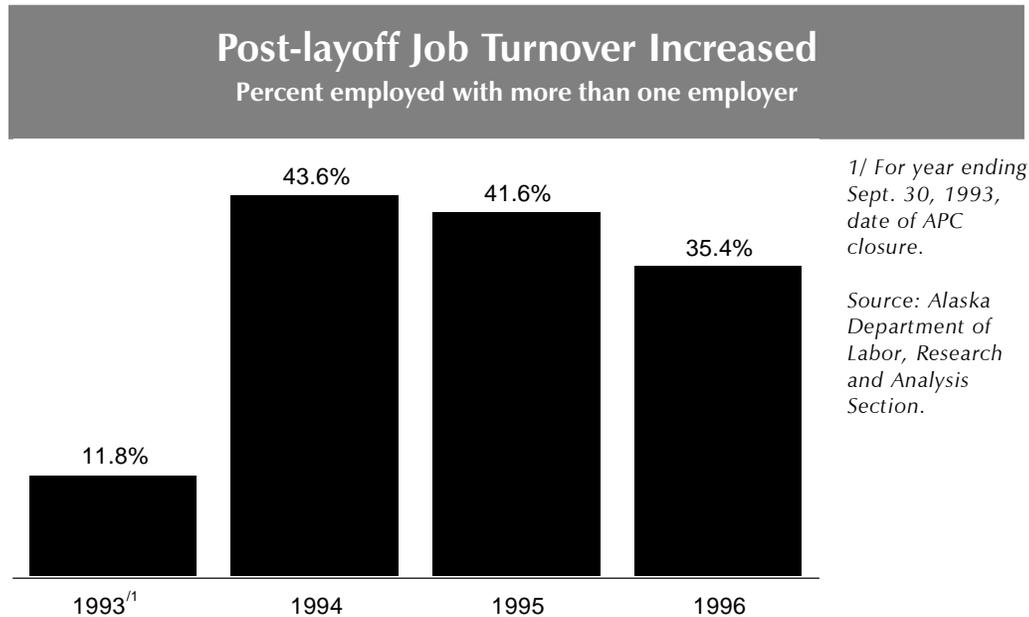
The amount of turnover also indicated that some workers had trouble finding stable employment. In the year preceding layoff, less than 12 percent of the group studied worked for more than one employer. This percentage increased dramatically after layoff. In 1994, over 43 percent of those working, including those who fit this report's criteria for multiple job holders, held jobs with more than one employer. This percentage fell over time, but in 1996 it still exceeded one-third. (See Figure 7.) Only one-third of those re-employed in Alaska worked for just one employer in the three years following layoff.

Analyzing data by demographic characteristics showed that

Source: Alaska Department of Labor, Research and Analysis

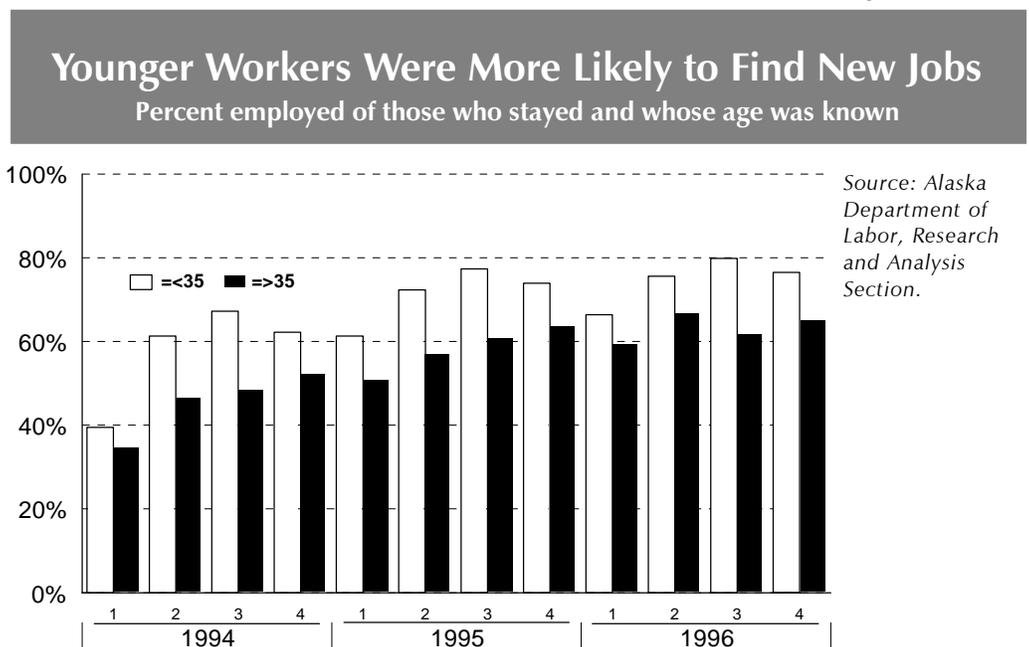
Figure • 7

younger workers were more likely to be re-employed than older workers in every post-layoff quarter. (See Figure 8.) Older workers may have been more likely to retire or become self employed. On average non-white workers were more likely to be re-employed than white workers. (See Figure 9.) This difference may partially be explained by the finding that white workers were more likely to leave Alaska than workers of other races. Over 30 percent of white workers left compared to about 17 percent of non-whites. Workers re-employed outside the state are not included in the re-employment percentages. Males were also somewhat more likely to be re-employed than females. (See Figure 10.)



Many workers who found new jobs stayed in the community. Slightly less than two-thirds of the workers employed in the first quarter of 1994 worked in Sitka. While the percentage working in Sitka varied over time, the percent working in the Southeast region held fairly steady at about 80 percent. (See Figure 11.)

Figure • 8



Earnings fall

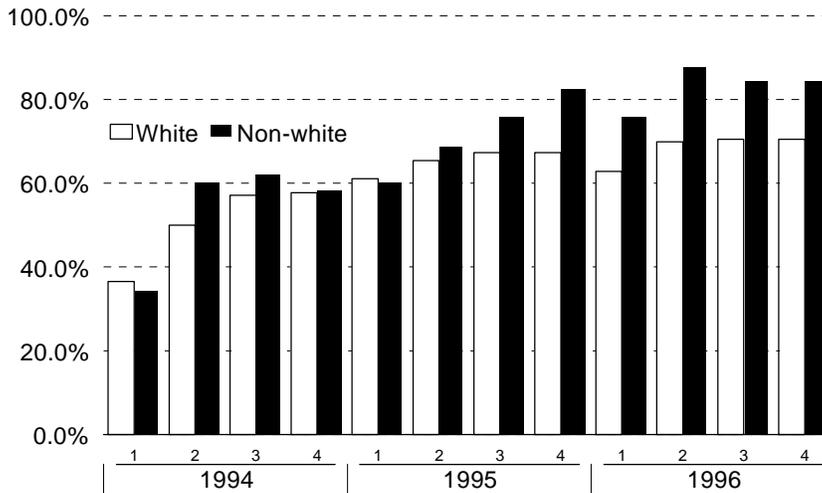
While workers may not have moved, they did face changes in their new jobs. One of the most striking was in pay. Average earnings declined significantly after layoff. (See Figure 12.) In 1994, workers earned, on average, only 52.9% of their earnings in the year prior to layoff. Though earnings rose over time, in 1996, they still lagged well behind, averag-

Figure • 9

Re-employment Varied By Race

Percent employed of those who stayed and whose race was known

Source: Alaska Department of Labor, Research and Analysis Section.



ing only 63.9% of their former wages.

Workers changed occupations and industry

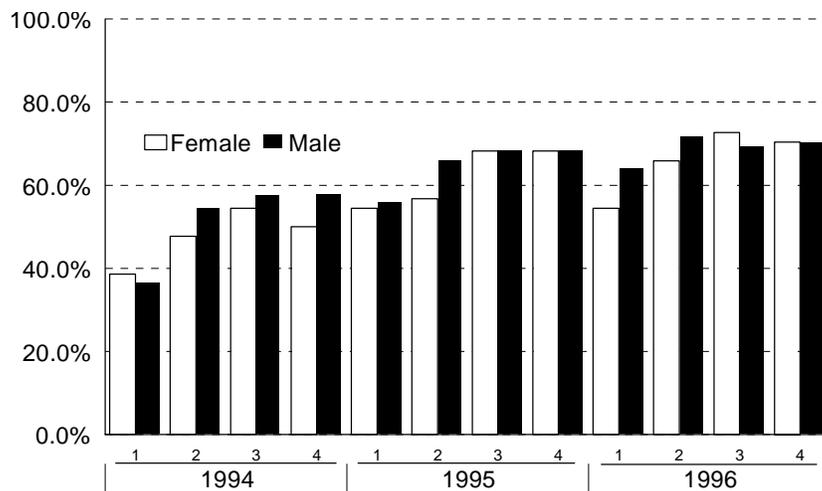
The decline in wages came as workers changed occupations and industries. Before layoff, two-thirds worked as mechanics or repairers or in production occupations. None were reported in sales or construction or extractive occupations. Only a small number worked in service occupations or as helpers or laborers. One year after layoff, only one-fifth of those re-employed held production jobs or worked as mechanics or repairers. Over one-third worked in service occupations or as helpers and laborers, the two largest post-layoff occupational groups. The post-layoff occupational mix did not change much over time. Three years after layoff, it remained remarkably similar. (See Figure 13.)

Figure • 10

Re-employment Varied Less By Gender

Percent employed of those who stayed and whose gender was known

Source: Alaska Department of Labor, Research and Analysis Section.



Workers were also unlikely to find new jobs in occupations related to their pre-layoff work or in occupations requiring greater skill, even as time from the layoff increased. In each of the three post-layoff years analyzed, less than one-third of re-employed workers held jobs in occupations related to their pre-layoff work. (See Figure 14.) About half worked in jobs that required less skill and under one-third held jobs requiring more skill. (See Figure 15.)

Most of the re-employed workers changed industries, not only

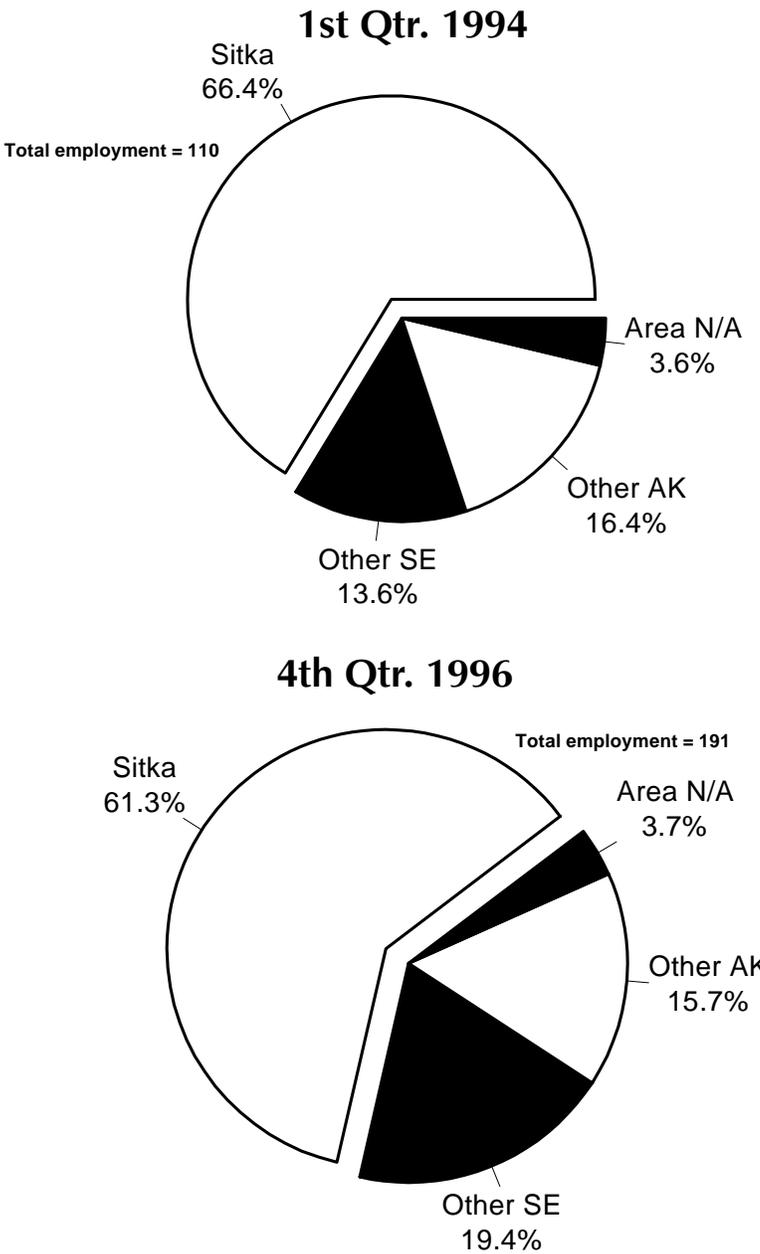
leaving timber but moving out of manufacturing altogether. In the third quarters of 1994 and 1995, only 9.3% worked in the timber industry. By the third quarter of 1996, this proportion had fallen to 6.2%. Only about one-fifth of re-employed workers remained in the manufacturing sector. Former pulp mill workers found jobs in several other industries. The services industry was the largest job provider, but no category predominated. Again, there was little shift in the industry mix over time. The largest changes were increases in public administration and mining. (See Figure 16.)

Summary

Alaska Pulp Corporation closed its Sitka pulp mill at the end of September 1993. The 381 workers employed at the mill in its last quarter of operation faced significant changes in their work lives. Three years after the closure, almost one-third of them had moved out of Alaska. Those who stayed faced career changes, higher turnover and lower wages. By many measures, increasing time from the layoff did not greatly improve the employment outlook.

Employment characteristics were remarkably stable throughout the three-year post-layoff period covered in this study. On average, somewhat less than two-thirds of those who stayed held wage or salary employment. Of those employed in Alaska, just under 66 percent worked in Sitka in the first quarter of 1994 and slightly over 61 percent worked in Sitka in the fourth

80 Percent of the Re-employed Worked in Southeast



Based on workers with jobs located in Alaska.

N/A = Not available.

Source: Alaska Department of Labor, Research and Analysis Section.

Study Methodology

Using wage records, Alaska Department of Labor analysts identified 381 workers employed at Alaska Pulp Corporation's (APC) pulp mill in Sitka during the third quarter of 1993, the mill's last quarter of operation. Electronic records of wages, occupations, unemployment insurance claims and Alaska Permanent Fund Dividend recipients were matched to obtain data on these employees through 1996.

Demographic data on age and gender were available for two-thirds (67.5%) of the workers. Of these, 53.7% were over age 35 and 82.9% were male. Race was identified for 77.4% of workers, of whom 76.3% were white.

Most of the workers received wages from APC in the fourth quarter of 1993. However, only 14 showed on APC's first quarter of 1994 payroll and none received APC wages in the third quarter of 1994. In some subsequent quarters, a few of the workers were again reported by APC.

Because most of the workers received wages from APC in fourth quarter 1993, most of the analysis begins with 1994. Different subsets of the employees were identified for analysis depending on the variable under consideration. Most graphs reflect workers who stayed in Alaska. In graphs based on a different subset of workers, the group used is identified.

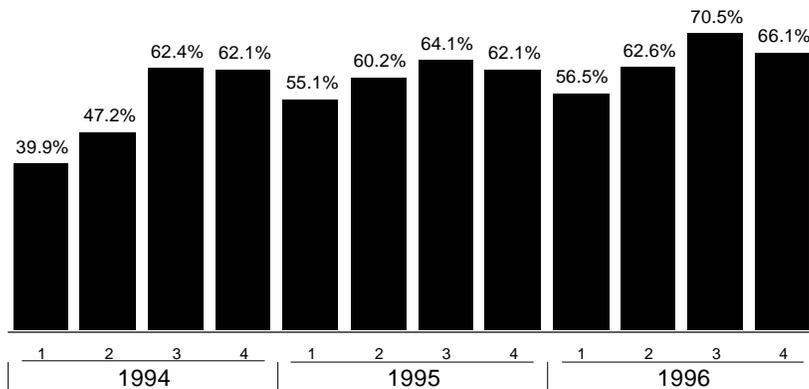
Figure • 12

Workers Earned Less After Layoff

Average earnings as percent of annual average pre-layoff earnings

Based on workers who stayed and had employment. Some post-layoff wages from APC excluded.

Source: Alaska Department of Labor, Research and Analysis Section.



Kristen Tromble is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. Kristen is located in Juneau.

quarter of 1996. Less than one-third of workers found jobs in related occupations and about one-half worked in jobs with a lower skill after the layoff than before. While workers did recover some wages over time, average earnings fell by more than one-third.

Brief Comparison to Greens Creek Study

This analysis of Alaska Pulp Corporation's (APC) pulp mill workers is the Alaska Department of Labor's second study of a large-scale post-layoff experience. The first looked at the outcome for those laid off when Greens Creek mine near Juneau suspended production in April 1993. (See *Trends*, January 1996.)

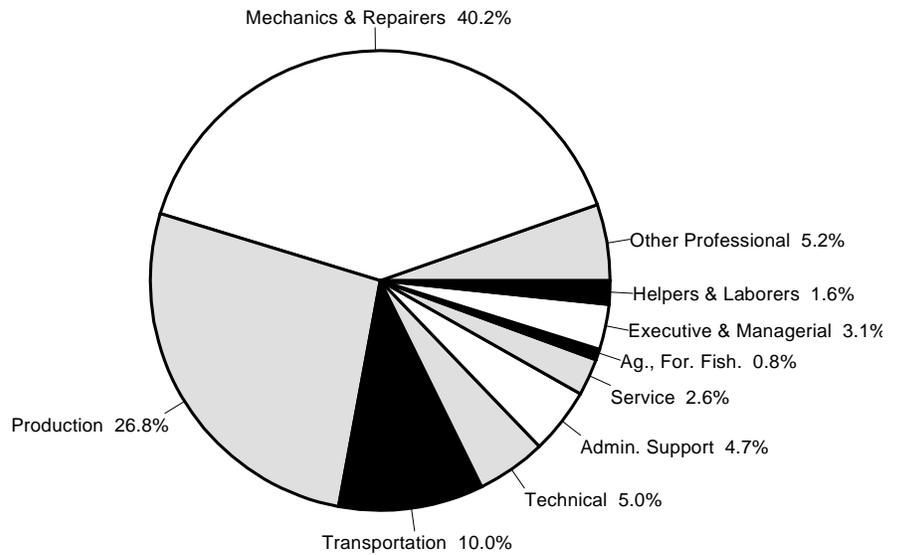
The methodologies used in the two studies were similar but not identical. For instance, while the current study covers three years, for the Greens Creek study only 18 months of post-layoff data were available. The longer time frame introduced some variables that were not factors in the first study. One example is the identification of workers who left the state and later returned for at least one calendar quarter of employment. Despite the differences, some comparison of the outcomes of the two groups is reasonable; it shows that the post-layoff work history of APC and Greens Creek workers differed significantly.

Greens Creek workers were more likely to move out of Alaska. (39.8% of Greens Creek workers left compared to 24.9% of APC workers who left the state by 1995.) However, despite the shorter time

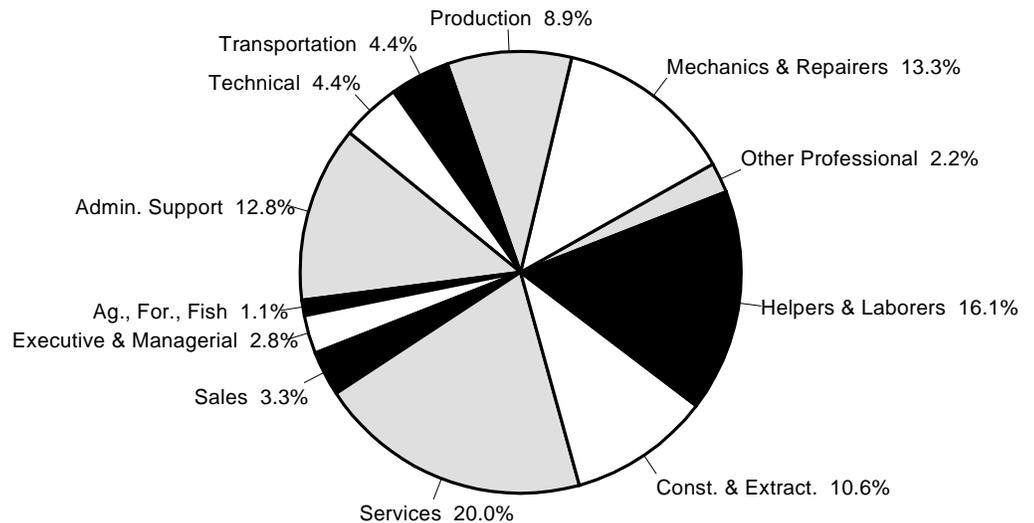
continued on page 14

Workers Moved Into New Occupations

3rd Qtr. 1993 (pre-layoff) Employment



3rd Qtr. 1996 (post-layoff) Employment



Based on workers in Alaska for whom occupation was reported.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 14

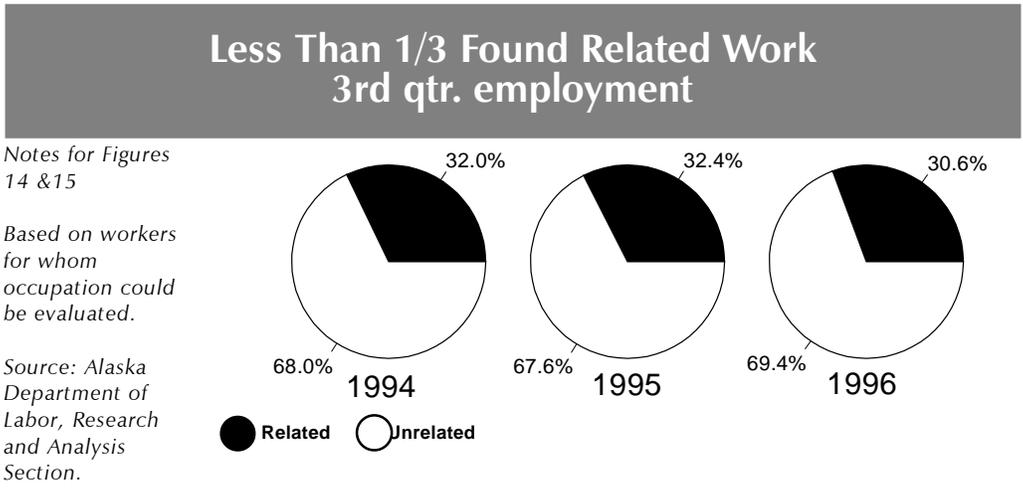


Figure • 15

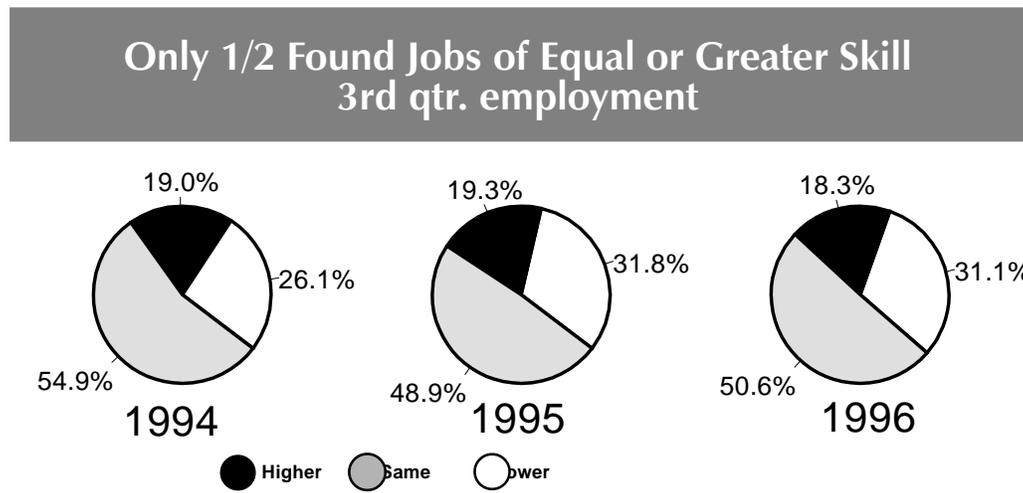
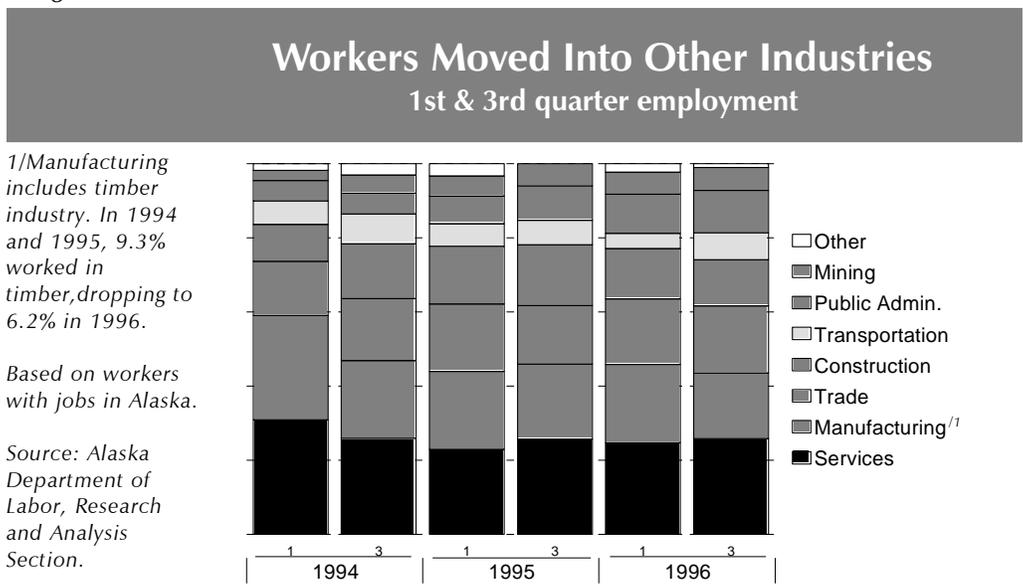


Figure • 16



continued from page 13

studied, the outcome for Greens Creek workers showed more change and more improvement overtime than that for APC workers. Greens Creek workers who stayed in Alaska appeared to fare better post-layoff in nearly all of the variables studied. Workers laid off from Greens Creek were more likely to be re-employed and found jobs faster. They were more likely to find new jobs in their community. The Greens Creek layoff was smaller and its community larger and perhaps more able to absorb the workers. In addition, in contrast to the APC workers' experience, most Greens Creek workers found jobs related to their pre-layoff occupation, over half were re-employed in jobs requiring equal or higher skills, and about half remained in the mining industry. Average earnings recovered to about 75 percent of pre-layoff earnings within two calendar quarters of the layoff. Greens Creek workers appeared to benefit from a generally bright outlook for the mining industry, while APC workers faced a job hunt during a timber industry decline.

These differences, reflecting, in part, differences in affected communities and industries, highlight the need for caution in relating these results to other layoff events.

Career Transition Center Provided Assistance

by **Ted Burke**

During the first two years following the Alaska Pulp Company (APC) layoffs, the Alaska Department of Labor (AKDOL) and Alaska Department of Community and Regional Affairs (DCRA) worked with local, state and federal agencies to operate a Career Transition Center in Sitka. The DCRA received a federal National Reserve Grant, and the U.S. Department of Labor certified the Alaska Pulp Company for Trade Adjustment Worker Assistance. Both of these federal grants allowed the center to offer services designed to help re-employ laid-off mill workers. The mill closure also impacted many other workers in Sitka. The local AKDOL Employment Service Office helped set up the center and continued to provide employment services for those who lost their jobs with other Sitka employers.

Ted Burke is an Employment Security Analyst with the Employment Security Division, Alaska Department of Labor. Ted is located in Juneau.

Representatives from the Alaska Employment Service and DCRA Job Training Partnership Act (JTPA) staff worked together to run the Career Transition Center. Services offered included retraining, job search funding help, and financial relocation assistance for workers who found employment outside Sitka. The Center offered vocational counseling and workshops on resume writing, job search training, interviewing skills and related subjects. For those in training, the Trade Adjustment Assistance grant provided additional weekly benefits when Unemployment Insurance benefits were exhausted. The JTPA offered a "New Chance" career direction training program which included aptitude and ability assessment and personal career planning.

Over 100 workers laid off by APC used the federally funded retraining programs. Some graduates were able to find suitable employment in Sitka and others either left the area or accepted lower paying jobs. Approximately 35 workers found suitable employment outside of Sitka. These workers received financial relocation assistance. Not everyone took advantage of the services and benefits offered at the center. Some workers found employment, mostly in lower paying jobs, immediately following their layoff. Records show approximately 85 percent of the workers registered for the services offered in both programs, and approximately 56 percent of the workers used one or more of the benefits.

Recovering Oil

Kristen Tromble is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. Kristen is located in Juneau.

Alaska's unemployment rate climbed a full percentage point in October to 7.0%. The comparable national rate (civilian, not seasonally adjusted) was 4.4%. Alaska's unemployment rate continues to show a slight improvement compared to October of last year, when the statewide unemployment rate was 7.3%. (See Table 4.)

While unemployment rose in most areas of the state, rural Alaska, which tends to rely more on seasonal industries, generally experienced larger increases in unemployment. The most dramatic changes in unemployment rates in October were in areas where the visitor industry plays a key role. In Denali Borough, the rate rose six percentage points to 13.4%. In the Skagway-Hoonah-Angoon census area the unemployment rate nearly doubled to 6.7%.

Alaska's wage and salary employment began a broad seasonal decline in October, with over-the-

month job losses totaling 12,200. (See Table 1.) With the exception of government, all of the state's major industries shed jobs in October. The largest losses came in seafood processing and tourism-related industries such as hotels and eating and drinking establishments. The construction industry's job count also dwindled as road-building activity slowed with the onset of colder weather. Employment in communications and utilities increased with the transfer of local government employees to the private sector following the sale of Fairbanks Municipality Utilities Service. Despite this loss, government's employment numbers grew slightly as the public education sector continued to staff up for the school year.

Oil employment rises

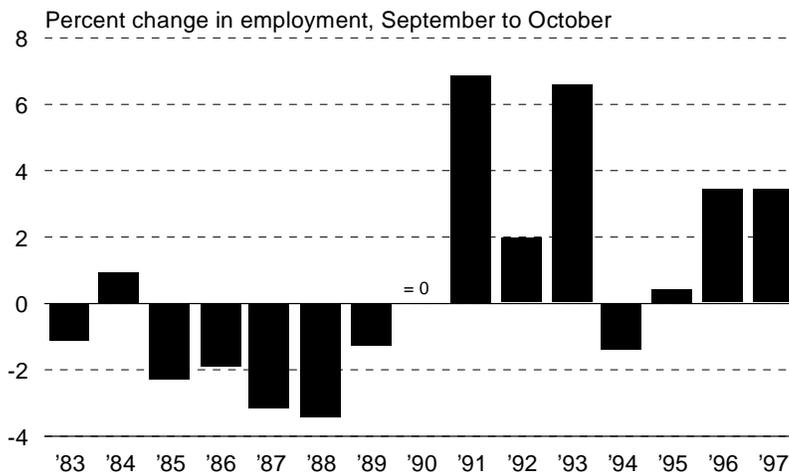
The over-the-year trend in employment has perked up in the last two months, reaching one percent growth after falling as low as 0.2% earlier in the year. One factor in the upswing is the improved outlook for the oil and gas sector of the mining industry. Oil and gas employment appears to have turned around following the sharp losses that have occurred since 1993. While oil and gas employment is still running below last year's levels, in comparing October, 1997 with October, 1996, the difference was the lowest yet this year. Employment was down only 1.4% (125 jobs) in October, a marked improvement from March when 14.5% fewer jobs (1,300) than the year-ago level were reported.

With several projects in the works, recovery in the oil and gas indus-

Figure • 1

General Merchandisers See New Seasonal Trend

Source: Alaska Department of Labor, Research and Analysis Section.



try should continue. Recently the state sold \$26 million in oil leases on the North Slope. With current expansion proposals, the number of drilling rigs on the North Slope could rise from 20 to 35 next year. ARCO announced that over the next two years it will spend \$850 million in the state for development. The company plans to fabricate modular units in Southcentral Alaska for use in its Alpine project. Over 250 employees will be needed for about 18 months, starting next spring. British Petroleum is set to begin drilling at Badami. However, its Northstar project, still suspended because of a legal dispute over royalties, is not expected to start production before 1999.

PFD boosts October retail employment

This year, Alaskans received a total of \$720 million in Alaska Permanent Fund Dividends (PFD). While the distribution of payments formerly was spread over several months, in the last two years, the increased use of electronic transfers has meant most Alaskans receive their dividend during a few days in October. This influx of cash into residents' pockets may be altering the seasonal employment pattern in the retail sales industry. In anticipation of a consumer spending splurge, stores stock up and staff up.

From 1983 to 1989, employment in general merchandise retail stores fell, on average, 1.8% from September to October. In the early 1990s, retail employment in Alaska grew dramatically with an influx of Walmarts, Kmarts, a Costco, and other stores and the expansion of many existing businesses. Several of the new stores opened in the fall in time to gear up for the lucrative Christmas season, providing large employment boosts in those years. Though expansion has slowed considerably since 1995, general merchandise employment in October has continued to post healthy gains over September's numbers, despite cuts that would be expected to occur after the end of the prime tourism season. (See Figure 1.) It appears that the state's PFD program provides a welcome lift to at least a portion of Alaska's retailers.

Summary

Normal seasonal movements in seafood processing, construction and tourism-related industries pushed Alaska's unemployment rate up and employment down in October. However, data also point to positive trends underlying the state's economy: Alaska's unemployment rate continues to run slightly below year-ago levels; renewed activity in the oil and gas industry is strengthening employment growth; and PFD spending is boosting business for retailers.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska	p/	r/	Changes from:			Municipality of Anchorage	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96		10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	266,500	278,700	263,900	-12,200	2,600	Total Nonag. Wage & Salary	124,500	126,900	122,100	-2,400	2,400
Goods-producing	38,300	42,900	38,800	-4,600	-500	Goods-producing	11,900	12,500	11,600	-600	300
Service-producing	228,200	235,800	225,100	-7,600	3,100	Service-producing	112,600	114,400	110,500	-1,800	2,100
Mining	10,300	10,400	10,300	-100	0	Mining	2,500	2,400	2,500	100	0
Construction	14,100	15,300	14,300	-1,200	-200	Construction	7,400	8,100	7,100	-700	300
Manufacturing	13,900	17,200	14,200	-3,300	-300	Manufacturing	2,000	2,000	2,000	0	0
Durable Goods	3,300	3,400	3,300	-100	0	Transportation	12,100	12,900	11,500	-800	600
Lumber & Wood Products	2,100	2,200	2,100	-100	0	Air Transportation	5,000	5,200	4,500	-200	500
Nondurable Goods	10,600	13,800	10,900	-3,200	-300	Communications	2,300	2,400	2,200	-100	100
Seafood Processing	7,800	11,100	7,900	-3,300	-100	Trade	30,400	30,800	30,100	-400	300
Pulp Mills	100	100	500	0	-400	Wholesale Trade	6,400	6,500	6,500	-100	-100
Transportation	23,600	25,200	22,500	-1,600	1,100	Retail Trade	24,000	24,300	23,600	-300	400
Trucking & Warehousing	2,900	3,000	2,700	-100	200	Gen. Merch. & Apparel	4,900	4,700	4,800	200	100
Water Transportation	2,000	2,300	2,000	-300	0	Food Stores	2,800	2,800	2,800	0	0
Air Transportation	8,000	8,600	7,400	-600	600	Eating & Drinking Places	8,200	8,700	8,100	-500	100
Communications	4,100	3,900	3,800	200	300	Finance-Ins. & Real Estate	7,100	7,100	7,200	0	-100
Trade	54,900	57,900	54,500	-3,000	400	Services & Misc.	34,400	35,400	33,400	-1,000	1,000
Wholesale Trade	8,600	8,900	8,700	-300	-100	Hotels & Lodging Places	2,400	2,800	2,300	-400	100
Retail Trade	46,300	49,000	45,800	-2,700	500	Business Services	6,200	6,400	6,000	-200	200
Gen. Merch. & Apparel	9,500	9,200	9,500	300	0	Health Services	7,400	7,300	7,100	100	300
Food Stores	6,800	7,100	6,900	-300	-100	Engineering & Mngmt. Serv.	5,300	5,200	5,200	100	100
Eating & Drinking Places	14,900	17,100	14,700	-2,200	200	Government	28,600	28,200	28,300	400	300
Finance-Ins. & Real Estate	11,800	12,100	11,800	-300	0	Federal	9,900	10,100	10,000	-200	-100
Services & Misc.	63,500	67,200	61,700	-3,700	1,800	State	8,500	8,400	8,500	100	0
Hotels & Lodging Places	5,800	7,800	5,600	-2,000	200	Local	10,200	9,700	9,800	500	400
Business Services	8,400	8,800	8,100	-400	300						
Health Services	14,300	14,200	13,700	100	600						
Engineering & Mngmt. Serv.	7,500	7,600	7,600	-100	-100						
Government	74,400	73,400	74,600	1,000	-200						
Federal	17,000	17,500	17,100	-500	-100						
State	21,800	21,600	22,100	200	-300						
Local	35,600	34,300	35,400	1,300	200						

Table • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/	10/96	p/	r/	10/96	p/	r/	10/96
	10/97	9/97	10/96	10/97	9/97	10/96	10/97	9/97	10/96
Mining	\$1,328.64	\$1,405.01	\$1,312.37	49.3	52.8	52.6	\$26.95	\$26.61	\$24.95
Construction	1,107.36	1,203.21	1,141.03	43.7	46.6	45.1	25.34	25.82	25.30
Manufacturing	650.16	659.41	583.39	56.0	51.8	51.4	11.61	12.73	11.35
Seafood Processing	525.14	522.48	452.23	60.5	52.3	56.6	8.68	9.99	7.99
Trans., Comm. & Utilities	688.89	670.06	700.11	34.6	34.7	36.2	19.91	19.31	19.34
Trade	421.43	424.78	423.95	33.5	33.5	33.7	12.58	12.68	12.58
Wholesale	636.65	654.36	636.41	38.1	38.0	38.2	16.71	17.22	16.66
Retail	382.26	383.24	384.93	32.7	32.7	32.9	11.69	11.72	11.70
Finance-Ins. & R.E.	520.86	506.93	494.55	36.5	35.8	35.3	14.27	14.16	14.01

Notes to Tables 1-3:
Nonagricultural also excludes self-employed workers, fishers, domestics, and unpaid family workers.

Tables 1&2- Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3- Prepared in part with funding from the Employment Security Division.

p/ denotes preliminary estimates.
r/ denotes revised estimates.

Government includes employees of public school systems and the University of Alaska.

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1996

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	35,450	39,000	35,800	-3,550	-350
Goods-producing	5,450	6,750	5,600	-1,300	-150
Service-producing	30,000	32,250	30,200	-2,250	-200
Mining	350	350	300	0	50
Construction	1,900	1,950	1,850	-50	50
Manufacturing	3,200	4,450	3,450	-1,250	-250
Durable Goods	1,600	1,700	1,500	-100	100
Lumber & Wood Products	1,450	1,500	1,350	-50	100
Nondurable Goods	1,600	2,750	1,950	-1,150	-350
Seafood Processing	1,250	2,350	1,150	-1,100	100
Pulp Mills	100	150	500	-50	-400
Transportation	2,750	3,250	2,850	-500	-100
Trade	6,450	7,250	6,600	-800	-150
Wholesale Trade	550	600	500	-50	50
Retail Trade	5,900	6,650	6,100	-750	-200
Finance-Ins. & Real Estate	1,550	1,650	1,450	-100	100
Services & Misc.	6,700	7,600	6,550	-900	150
Government	12,550	12,500	12,750	50	-200
Federal	2,050	2,000	2,000	50	50
State	5,200	5,300	5,350	-100	-150
Local	5,300	5,200	5,400	100	-100

Interior Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	37,450	39,850	37,150	-2,400	300
Goods-producing	4,150	4,550	4,550	-400	-400
Service-producing	33,300	35,300	32,600	-2,000	700
Mining	1,400	1,400	1,400	0	0
Construction	2,100	2,500	2,550	-400	-450
Manufacturing	650	650	600	0	50
Transportation	3,450	3,550	2,800	-100	650
Trade	7,600	8,500	7,400	-900	200
Finance-Ins. & Real Estate	1,000	1,100	1,000	-100	0
Services & Misc.	8,550	9,350	8,350	-800	200
Government	12,700	12,800	13,050	-100	-350
Federal	3,550	3,800	3,600	-250	-50
State	4,750	4,500	4,800	250	-50
Local	4,400	4,500	4,650	-100	-250

Fairbanks North Star Borough	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	32,650	34,250	32,400	-1,600	250
Goods-producing	3,650	4,050	3,900	-400	-250
Service-producing	29,000	30,200	28,500	-1,200	500
Mining	1,150	1,200	1,200	-50	-50
Construction	1,900	2,250	2,150	-350	-250
Manufacturing	600	600	550	0	50
Transportation	2,900	2,900	2,300	0	600
Trucking & Warehousing	600	650	550	-50	50
Air Transportation	650	650	550	0	100
Communications	450	300	300	150	150
Trade	7,050	7,750	6,900	-700	150
Wholesale Trade	800	800	800	0	0
Retail Trade	6,250	6,950	6,100	-700	150
Gen. Merch. & Apparel	1,350	1,350	1,350	0	0
Food Stores	750	800	750	-50	0
Eating & Drinking Places	2,050	2,800	2,050	-750	0
Finance-Ins. & Real Estate	950	1,000	950	-50	0
Services & Misc.	7,750	8,200	7,600	-450	150
Government	10,350	10,350	10,750	0	-400
Federal	3,050	3,200	3,150	-150	-100
State	4,500	4,250	4,550	250	-50
Local	2,800	2,900	3,050	-100	-250

Anchorage/Mat-Su Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	135,700	138,050	132,650	-2,350	3,050
Goods-producing	12,800	13,600	12,600	-800	200
Service-producing	122,900	124,450	120,050	-1,550	2,850
Mining	2,500	2,500	2,600	0	-100
Construction	8,250	8,950	7,900	-700	350
Manufacturing	2,050	2,150	2,100	-100	-50
Transportation	13,000	13,700	12,400	-700	600
Trade	33,300	33,650	32,800	-350	500
Finance-Ins. & Real Estate	7,600	7,600	7,600	0	0
Services & Misc.	37,300	38,350	35,950	-1,050	1,350
Government	31,700	31,150	31,300	550	400
Federal	10,100	10,200	10,150	-100	-50
State	9,350	9,300	9,400	50	-50
Local	12,250	11,650	11,750	600	500

Gulf Coast Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	26,500	28,950	26,250	-2,450	250
Goods-producing	6,550	7,650	6,400	-1,100	150
Service-producing	19,950	21,300	19,850	-1,350	100
Mining	1,200	1,300	1,100	-100	100
Construction	1,350	1,450	1,300	-100	50
Manufacturing	4,000	4,900	4,000	-900	0
Seafood Processing	2,650	3,550	2,650	-900	0
Transportation	2,300	2,450	2,250	-150	50
Trade	4,850	5,500	4,800	-650	50
Wholesale Trade	550	700	550	-150	0
Retail Trade	4,300	4,800	4,250	-500	50
Finance-Ins. & Real Estate	700	700	700	0	0
Services & Misc.	5,200	5,800	5,150	-600	50
Government	6,900	6,850	6,950	50	-50
Federal	700	750	700	-50	0
State	1,700	1,750	1,750	-50	-50
Local	4,500	4,350	4,500	150	0

Southwest Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	16,600	17,700	16,550	-1,100	50
Goods-producing	4,150	5,300	4,250	-1,150	-100
Service-producing	12,450	12,400	12,300	50	150
Seafood Processing	3,850	5,000	3,950	-1,150	-100
Government	5,750	5,450	5,700	300	50
Federal	400	450	450	-50	-50
State	500	450	500	50	0
Local	4,850	4,550	4,750	300	100

Northern Region	p/	r/	Changes from:		
	10/97	9/97	10/96	9/97	10/96
Total Nonag. Wage & Salary	15,250	15,200	15,350	50	-100
Goods-producing	5,100	5,200	5,300	-100	-200
Service-producing	10,150	10,000	10,050	150	100
Mining	4,800	4,850	4,850	-50	-50
Government	4,850	4,650	4,800	200	50
Federal	200	200	200	0	0
State	300	300	300	0	0
Local	4,350	4,150	4,300	200	50

Table • 4

Unemployment Rates by Region & Census Area

p/ denotes preliminary estimates

r/ denotes revised estimates

Benchmark: March 1996

Data presented here are intended to show the relative condition of Alaska's labor force for the reference month. Data published for prior years are not necessarily comparable to current information, which does not reflect benchmark revisions.

The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaskan locations, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. These individuals are considered not in the labor force.

Not Seasonally Adjusted	Percent Unemployed		
	<i>p/</i> 10/97	<i>r/</i> 9/97	10/96
United States	4.4	4.7	4.9
Alaska Statewide	7.0	6.0	7.3
Anchorage/Mat-Su Region	6.0	5.5	6.0
Municipality of Anchorage	5.5	5.0	5.3
Mat-Su Borough	8.6	8.2	9.8
Gulf Coast Region	10.7	8.0	12.5
Kenai Peninsula Borough	12.0	8.8	14.5
Kodiak Island Borough	6.9	6.3	8.0
Valdez-Cordova	10.4	7.0	10.7
Interior Region	7.1	5.8	7.8
Denali Borough	13.4	7.4	11.3
Fairbanks North Star Borough	6.6	5.4	7.1
Southeast Fairbanks	8.8	7.1	10.7
Yukon-Koyukuk	13.0	12.1	16.4
Northern Region	8.8	9.6	9.3
Nome	8.5	9.9	9.3
North Slope Borough	6.3	5.9	4.7
Northwest Arctic Borough	13.3	14.7	16.0
Southeast Region	7.0	5.2	7.5
Haines Borough	9.2	6.4	12.9
Juneau Borough	6.5	4.6	6.6
Ketchikan Gateway Borough	7.9	6.6	8.2
Prince of Wales-Outer Ketchikan	8.4	7.8	11.6
Sitka Borough	5.1	3.6	6.5
Skagway-Hoonah-Angoon	6.7	3.5	5.0
Wrangell-Petersburg	8.0	4.8	7.8
Yakutat Borough	6.6	7.5	1.3
Southwest Region	7.4	6.7	6.5
Aleutians East Borough	2.5	1.8	2.5
Aleutians West	6.1	4.8	3.2
Bethel	8.4	8.1	8.2
Bristol Bay Borough	11.6	8.1	6.9
Dillingham	7.4	7.3	7.0
Lake & Peninsula Borough	5.7	6.8	5.8
Wade Hampton	9.4	8.2	9.1
Seasonally Adjusted			
United States	4.7	4.9	5.2
Alaska Statewide	7.4	7.5	7.8

Source: Alaska Department of Labor, Research and Analysis Section.